



DPRK AUTHORITIES SLASH ALL PRICES BY 99 PERCENT

As inflation and food worries continue to grow in North Korea, social unrest is palpable. According to the group 'Good Friends', North Korean officials slashed prices on all goods to 1/100th of their going rate in an effort to ease the public. Considering the fact that North Korea revalued its currency by the same ratio on November 30, it appears that Pyongyang is effectively acknowledging the reform's failure.

The Good Friends newsletter reports that the Korean Workers' Party cabinet had handed down an order to reduce the price of all goods by a factor of 100:1, while the people of North Korea were told during local meetings that currency was revalued at 100 to 1, but not in order to reduce the sale of goods by 100 to 1, as well.

It also stated that at the first cabinet meeting in March, there was discussion on the fact that it was rumored that prices had climbed several times higher than official prices, and would continue to rise. It was decided that, at first, people thought of the currency reform as a 100-fold increase in prices, and that the same was true of management in state-run organizations. Later, at the second meeting of the cabinet, it was decided that a '100 to 1 Price Plan' would be distributed to each city and town.

Now, People's Committees and security forces in each city and town are enforcing the '100 to 1 Price Plan' while the central Party's 100:1 commerce committee has distributed a class syllabus in support of the price modifications, which was lectured on throughout the country from March



16-18. This indicates that the government is again controlling all prices throughout the country.

With no goods or aid flowing in from outside, it is likely that the price and exchange rates will continue to climb. On December 9, rice sold for 23 won, but the value of the new currency falls daily, and starvation is striking people in several areas throughout the country. Anger over government policies and general feelings angst are not hard to find in families and labor groups. The government is trying to control the prices of daily necessities, but if it is unable to do so, this situation cannot avoid becoming explosive. The central government has also sent officials out to different areas of the country to enforce a rice price of 25 won/Kg. This is the highest rice sold for in markets prior to the currency reform. Enforcing the same price throughout the country is an attempt to stabilize markets, and is a temporary measure to try to keep residents' tempers from flaring.

The November currency reform was the first currency revaluation in 17 years, and was part of a set of strong measures to restrict markets, along with market closures and bans on foreign currency. However, since last February, the inflation sparked by the currency revaluation has grown severe and internal unrest has increased, leading authorities to reopen markets and set price caps. Now, the price of rice in North Korean markets appears to have stabilized at 400 won per kilogram, but due to the unrest over the last 100 days, many middle-class residents have fallen into poverty.